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# FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Major Accomplishments of the First 100 Days  
at the Federal Energy Regulatory Commission  
January 22, 2001 to the Present**

California/Western Energy Markets

The Commission has issued dozens of orders providing necessary market reform; promoting vital supply and demand initiatives; adding enforcement and market monitoring tools; directing refunds; and instituting market-oriented price mitigation. For example, the Commission has issued orders:

Identifying and adopting various short-term and long-term initiatives that can increase energy supply, enhance energy delivery, and reduce energy demand in California and the West.

Packaging together a number of related measures for market monitoring and price mitigation in California. Those measures strike a balance between the long-term need to attract investment in badly-needed infrastructure and the immediate need to temper the effect of dysfunctional markets on consumers.

Instituting an investigation into wholesale rates for Western states outside California, in recognition of the regional nature of the Western grid and Western energy markets.

Promoting the credit-worthiness of power sales to California utilities.

In a key decision, issued on April 11, 2001, the United States Court of Appeals for the

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Ninth Circuit upheld the Commission's approach to remedying the dysfunctional California electricity market structures.

### Electricity Transmission

The Commission is acting rapidly on proposals to establish regional transmission organizations (RTOs), which will operate the electric transmission system efficiently and fairly, in all regions of the country.

The Commission has accepted key parts of a proposal for an RTO (RTO West) that will span eight Western states.

The Commission has issued orders provisionally approving RTOs for other regions of the country (GridSouth and GridFlorida in the Southeast, the Alliance Companies and the Midwest ISO/Alliance settlement in the Midwest) that historically have not enjoyed tight integration or cooperation among electric utilities.

The Commission is aggressively promoting RTO implementation on a region-by-region basis that reflects regional trading patterns and power flows. In particular, the Commission is promoting the development of stand-alone, for-profit transmission companies that support appropriate and timely infrastructure development.

### Natural Gas Transmission

The Commission is certifying new pipeline proposals and preparing environmental documents in a manner that is expeditious and that balances and respects the interests of the gas market, project sponsors, landowners, and the environment. For example,

The Commission issued a certificate, less than one month after the filing of an application, to Kern River Gas Transmission Company, to provide 135 million cubic feet of additional natural gas transportation capacity to California, in time for the summer 2001 cooling season.

The Commission issued a certificate, less than two months after the filing of an application, to El Paso Natural Gas Company, to convert an oil pipeline to transport 230 million cubic feet of natural gas to California and the Southwest.

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The Commission scheduled a technical conference on current and projected pipeline capacity to California, including the interconnections between the interstate and intrastate systems.

The Commission issued a certificate to Gulfstream Natural Gas System to deliver 1.3 billion cubic feet of natural gas to markets in the Southeast.

In addition, the Commission ordered an expedited hearing on whether El Paso Natural Gas Company and its marketing affiliate exercised market power involving El Paso's pipeline and thus increased California's gas prices.

### Hydroelectric Licensing

The Commission actively is seeking ways to increase hydroelectric generation – especially in the West – while respecting environmental values.

For example, the Commission issued orders, less than two months after the filing of license amendments, authorizing Idaho Power Company to increase generation to help meet the need for power in the West.

The Commission also is aggressively working with licensees, resource agencies, and interested parties to consider environmental impacts and to issue preliminary permits, new licenses, license exemptions, and license amendments for hydroelectric projects throughout the country, in as expeditious a manner as possible.

### Case Processing

The Commission has reallocated its resources and identified new procedures to reduce dramatically the time in which it reviews and considers the applications and submissions it receives. Most notably,

A backlog of over 2000 cases already has been cut by approximately 20 % by a special staff team under Chairman Hébert's direction.

The Commission has acted to ensure that all rehearings of Commission orders, absent truly extraordinary circumstances, are resolved within 30 days of filing, thereby promoting certainty and allowing for appropriate judicial review.

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The Commission has worked aggressively to cooperate with federal, state and local agencies and to obtain public input prior to the filing of potentially controversial pipeline and hydroelectric projects.

The Commission is undertaking these initiatives to expedite its procedures at the very same time the

number and complexity of the filings it receives is higher than ever. Since January 22, the Commission has issued 547 orders. For purposes of comparison, this order total represents a 30 % increase from the number of orders issued (419) during the same time frame last year.

Chairman Curt L. Hébert, Jr. said: "The Commission can be proud of its recent accomplishments. At a time when the Commission faces difficult challenges and is processing a record number of applications, it is responding with speed and certainty. Both the industries the Commission regulates and the consumers the Commission protects can rest assured that the Commission remains vigilant in promoting a fair and competitive wholesale market for energy services that will enhance service offerings and, ultimately if not already, lower prices. Moreover, the Commission remains committed to advancing policies that will spur the development -- backed by the overwhelming majority of the American people, as reflected in recent polls -- of badly-needed investment in generation and transmission."

A USA Today/CNN/Gallup Poll, conducted last week, asked the American people what measures should be taken to respond to the nation's energy problems. 83 percent supported investing in new power generating plants, and 69 percent supported investing in more electric transmission lines. Chairman Hébert stated: "The American people have recognized the need to add supply so that energy will continue to be reliable. We will continue to move toward markets that work and, with California representing the sixth largest economy in the world, we should recognize the importance of developing needed infrastructure so as to ensure reasonable rates for reliable energy."